



20 November, 2007

The Manager
Company Announcements
Australian Stock Exchange Limited
Via Electronic Lodgement

Dear Sir/Madam,

PharmAust Manufacturing secures largest ever single order of \$1.02m.

PharmAust (ASX: PAA) is pleased to announce that its 100% owned subsidiary PharmAust Manufacturing, has recently confirmed final terms for its largest single purchase order ever from natural product supplier, Natural Instinct, to supply natural sunscreen products under the Natural Instinct brand.

The initial order of \$1.02million of stock is scheduled for delivery in December 2007 and January 2008. Further terms are expected to be settled shortly confirming this as Natural Instinct's minimum annual requirement over the 2008/9 and 2009/10 summer seasons, with the significant potential for greater volumes over these years.

Natural Instinct has experienced spectacular growth over the last 18 months and is one of the largest suppliers of skin care and personal care products made from naturally derived plant and herbal materials that are sold to over 3,000 pharmacies nationally.

In addition to the supply of natural sunscreen, negotiations have already commenced to add additional personal care and skin care lines to the products supplied to Natural Instincts over the next 12 months. These products will be developed by PharmAust based upon existing proprietary intellectual property and tailored to Natural Instinct's specific branding requirements.

Most importantly, PharmAust believes that this initial order has the ability to make a significant contribution to achieving profitable operations for the first time in the company's history by the end of the 2008 calendar year. Expansion of the Natural Instinct product range, together with completion of several other new client relationships currently at an earlier stage of negotiation, should help to continue this turnaround throughout the 2008 calendar year.

Notwithstanding this, significant additional funds have been applied to obtain raw materials on an urgent basis to meet the Natural Instinct order and budgeted capital expenditure has been accelerated to meet the new demands on our manufacturing capacity.

Finally, as part of the agenda for the up-coming AGM, the Board notes that Chimaera Capital Ltd ("Chimaera") has sought to nominate 2 new directors to the Board.

Notwithstanding the considerable cost and disruption of the recent disaffected shareholder actions, of which Chimaera was a principal part, the Board also notes that Chimaera have determined to continue to pursue its legal action against the Company, and the Board personally, over the recent Entitlements Issue. Costs to date in dealing with these matters, and the consequent difficulties in completing the re-capitalisation of the company, have significantly exceeded budget. It must be anticipated that these costs will continue to some extent.

The Board re-asserts its view that this action is without merit, or reason, given Chimaera's 'take-up' of their full Entitlement and the subsequent improvement and stabilisation of the company's share price.

In the circumstances, the Board urges all shareholders to **vote against** these motions, rather than to entrench and perpetuate this continuing de-stabilising campaign.

The Board looks forward to providing further updates in the near future on its continuing efforts to 'turn around' the company's performance, and to provide a reliable strategic direction to future growth.



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